

## Message Text

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ORIGIN ARA-04

INFO OCT-01 ADP-00 /005 R

66630

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R 221957 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY QUITO

C O N F I D E N T I A L STATE 052945

FOR AMB ZAGORIN FROM SZABO

FOLLOWING TEL SENT ACTION SECSTATE INFO USCINCSO FROM LA PAZ

16 MARCH REPEATED

QTE LA PAZ 1507

USCINCSO FOR POLAD

E. O. 11652: GDS

TAGS: EMIN ECON PFOR BL

SUBJ: TIN DISPOSALS

REF: LA PAZ 1468 AND STATE 048668

1. FONMINISTER GUTIERREZ SUMMONED ME TO HIS OFFICE AT 5:00 P. M.  
THE SUBJECT WAS TIN. THE MINISTER, SPEAKING MORE IN PAIN AND  
SORROW THAN IN ANGER, TOLD ME THAT NEWS THIS MORNING OF PRESIDENT  
NIXON'S CONFIRMATION OF THE STRATEGIC STOCKPILE DISPOSAL PROGRAM  
HAD BEEN RECEIVED ALMOST WITH " DISBELIEF" BY THE GOVERNMENT  
AND THAT IT HAD CAUSED " CONSTERNATION AND FEAR" IN GOVERNMENT  
CIRCLES AND AMONG THE GOVERNMENT PEOPLE WHO DEPEND SO HEAVILY  
ON TIN FOR THEIR WELLBEING. THE MINISTER SAID THAT THE NEWS  
WAS ESPECIALLY DISAGREEABLE TO BOLIVIA BECAUSE OF THE MANNER  
IN WHICH IT HAD BEEN MADE, AS A COMPLETE SURPRISE, AND WITHOUT ANY  
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CONSULTATION WHATSOEVER. WHILE HE UNDERSTOOD THE EFFECTS WOULD BE BROADLY FELT AMONG MANY NATIONS, HERE IN BOLIVIA, WHERE THE PRESENT GOVERNMENT HAS TRIED TO BE ESPECIALLY FRIENDLY TO THE US AND THE NIXON ADMINISTRATION, THE IMPRESSION IS OF AN AGGRESSIVE ACT AGAINST BOLIVIA SPECIFICALLY. THE MINISTER SAID HE HAD BEEN HOUNDED ALL DAY BY THE NEWSPAPERS AND THAT THE PRESIDENT HAD CALLED HIM FREQUENTLY FOR ANY NEWS AND REASSURANCE. JUST BEFORE MY VISIT HE HAD RECEIVED A MESSAGE FROM AMBASSADOR VALENCIA REPORTING REASSURANCES FROM THE STATE DEPARTMENT THAT THERE WOULD BE ADVANCE CONSULTATIONS. HE THEN SAID THAT THIS SEEMED A POOR REWARD FOR BOLIVIA WHICH HAD ONLY RECENTLY RESPONDED TO OUR APPEAL FOR SOLIDARITY BY REFUSING TO PARTICIPATE IN THE MEETING IN PANAMA.

2. I TOLD THE MINISTER THAT WHILE THERE HAD BEEN RECURRING PRESSURES FROM TIME TO TIME FOR THE SALE OF STRATEGIC STOCKPILES, INCLUDING TIN, DURING MY TENURE AS AMBASSADOR HERE, THE NEWS APPEARING IN YESTERDAY'S US PAPERS AND THE LATER CONFIRMATION FROM THE PRESIDENT HAD COME AS A SURPRISE TO ME AS WELL. I TOLD HIM, HOWEVER, THAT I HAD BEEN INFORMED THAT I WOULD RECEIVE SPECIFIC INSTRUCTIONS WITH REGARD TO BOLIVIA, WHICH WOULD BE AFFECTED BY THE MEASURES, AND THAT WE WOULD CONSULT WITH BOLIVIA BEFORE TAKING CONCRETE ACTION. I ALSO TOLD HIM THAT US LAW AUTHORIZING STOCKPILE DISPOSAL REQUIRES THAT IT BE DONE IN SUCH A WAY AS TO AVOID UNDUE MARKET DISRUPTIONS. I TOLD HIM THAT I ASSUMED WE WOULD SOON RECEIVE SPECIFIC INSTRUCTIONS AS TO SUCH CONSULTATIONS AND WOULD MAINTAIN CLOSE CONTACT WITH HIM.

3. I ALSO TOLD THE MINISTER THAT WE ALL SHOULD TAKE INTO ACCOUNT THAT PRICES RECENTLY OF MANY COMMODITIES AND INCLUDING TIN HAD BEEN ARTIFICIALLY HIGH AND AT LEVELS WHICH DID NOT REFLECT LEGITIMATE DEMAND, SUCH PRICES, I SAID, WHICH WERE LARGELY THE PRODUCT OF SPECULATION WERE BOUND TO COME DOWN IN ANY CASE AND THAT THEY DID NOT SERVE THE INTERESTS EITHER OF PRODUCERS OR CONSUMERS. I SAID I ASSUMED THAT ANY DISPOSAL PROGRAM UNDERTAKEN BY THE US WOULD BE SO CONDUCTED AS TO MINIMIZE HARMFUL EFFECTS BEYOND DRIVING PRICES BELOW THEIR ARTIFICIAL, SPECULATIVE LEVELS.

4. I ALSO TOLD THE MINISTER THAT IT WOULD BE A GREAT MISTAKE FOR BOLIVIA TO INTERPRET THIS PROGRAM AS AN ATTACK ON THEIR  
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INTERESTS. I SAID THE US, AND ESPECIALLY THE NIXON ADMINISTRATION,

HAS GIVEN CONSISTENT PROOF OF ITS FRIENDSHIP FOR BOLIVIA AND FOR THE BANZER GOVERNMENT AND THAT I FULLY EXPECTED THAT SUCH PROOF WOULD CONTINUE. I SAID I WAS SURE THAT THIS SYMPATHETIC INTEREST IN BOLIVIA REPRESENTED ATTITUDES NOT ONLY IN THE DEPARTMENT OF STATE BUT IT OUR HIGHEST LEVEL OF GOVERNMENT AND THAT WE WOULD MAINTAIN THIS INTEREST AND COOPERATION FOR OUR MUTUAL BENEFIT.

5. UPON MY DEPARTURE THE MINISTER SAID HE WAS MUCH REASSURED BY WHAT I HAD SAID REGARDING CONSULTATIONS AND THE SPIRIT OF ANTICIPATED MEASURES WOULD HAVE NO MOTIVATION FOR DAMAGING BOLIVIA. HE SAID HE WOULD IMMEDIATELY CALL THE PRESIDENT TO GIVE HIM THIS REASSURING NEWS. THE MINISTER ALSO INDICATED HIS INTENTION TO GO INTO THIS MATTER IN DETAIL WITH SECRETARY ROGERS WHEN HE IS IN WASHINGTON EARLY NEXT MONTH FOR THE OASGA. SIRACUSA UNQTE  
ROGERS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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